

# Notes on the Accounts

for the six months ended 30th September 2006

## 1 Basis of preparation

The interim accounts were approved by the Board of Directors on 21st November 2006, and are unaudited but have been reviewed by the auditors. They do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985, but have been prepared on the basis of the accounting policies set out in the annual report and accounts for the year ended 31st March 2006. Information in respect of the year ended 31st March 2006 is derived from the company's statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors' report on those statutory accounts was unqualified and did not contain any statement under sections 237(2) and 237(3) of the Companies Act 1985.

## 2 Segmental information by business segment

	Catalysts £ million	Precious Metal Products £ million	Pharmaceutical Materials £ million	Ceramics £ million	Total £ million
<b>Six months ended 30th September 2006</b>					
Sales to external customers	<u>996.1</u>	<u>1,860.5</u>	<u>65.4</u>	<u>90.1</u>	<u>3,012.1</u>
External sales excluding precious metals	<u>458.0</u>	<u>134.3</u>	<u>61.2</u>	<u>90.1</u>	<u>743.6</u>
Segment result	<u>70.8</u>	<u>37.2</u>	<u>17.0</u>	<u>10.2</u>	<u>135.2</u>
Unallocated corporate expenses					<u>(8.4)</u>
<b>Operating profit</b>					<u><b>126.8</b></u>
<b>Six months ended 30th September 2005</b>					
Sales to external customers	<u>675.1</u>	<u>1,460.0</u>	<u>57.9</u>	<u>89.9</u>	<u>2,282.9</u>
External sales excluding precious metals	<u>375.2</u>	<u>117.4</u>	<u>54.8</u>	<u>89.9</u>	<u>637.3</u>
Segment result	<u>65.2</u>	<u>30.6</u>	<u>16.2</u>	<u>10.8</u>	<u>122.8</u>
Unallocated corporate expenses					<u>(8.3)</u>
<b>Operating profit</b>					<u><b>114.5</b></u>
<b>Year ended 31st March 2006</b>					
Sales to external customers	<u>1,477.4</u>	<u>2,962.4</u>	<u>133.9</u>	<u>182.2</u>	<u>4,755.9</u>
External sales excluding precious metals	<u>786.4</u>	<u>245.4</u>	<u>127.2</u>	<u>182.2</u>	<u>1,341.2</u>
Segment result before impairment costs	<u>134.2</u>	<u>62.2</u>	<u>33.8</u>	<u>21.3</u>	<u>251.5</u>
Impairment costs	<u>-</u>	<u>(6.0)</u>	<u>-</u>	<u>-</u>	<u>(6.0)</u>
Segment result	<u>134.2</u>	<u>56.2</u>	<u>33.8</u>	<u>21.3</u>	<u>245.5</u>
Unallocated corporate expenses					<u>(16.8)</u>
<b>Operating profit</b>					<u><b>228.7</b></u>

# Notes on the Accounts

for the six months ended 30th September 2006

## 3 Effect of exchange rate changes on translation of foreign subsidiaries' operating profits

	Six months ended 30.9.06	30.9.05	Year ended 31.3.06
<b>Average exchange rates used for translation of results of foreign operations</b>			
US dollar / £	1.855	1.820	1.785
Euro / £	1.463	1.468	1.466
South African rand / £	12.69	11.74	11.42

The main impact of exchange rate movements on the group's operating profit comes from the translation of foreign subsidiaries' profits into sterling. The one significant exception is the South African rand where the translational impact is more than offset by the impact of movements in the rand on operating margins. Consequently the analysis below excludes the translational impact of the rand.

	Six months ended At this year's rates £ million	30.9.06 At last year's rates £ million	Effect £ million
Catalysts	70.8	71.5	(0.7)
Precious Metal Products	37.2	37.3	(0.1)
Pharmaceutical Materials	17.0	17.1	(0.1)
Ceramics	10.2	10.1	0.1
Unallocated corporate expenses	(8.4)	(8.4)	–
<b>Operating profit</b>	<b>126.8</b>	<b>127.6</b>	<b>(0.8)</b>

## 4 Income tax expense

	Six months ended 30.9.06 £ million	30.9.05 £ million	Year ended 31.3.06 £ million
United Kingdom	13.3	14.3	27.1
Overseas	20.2	16.8	35.4
	<b>33.5</b>	31.1	62.5

The group's share of associated undertakings' taxation for the six months ended 30th September 2006 was £ nil (six months ended 30th September 2005 £ nil, year ended 31st March 2006 £ nil).

# Notes on the Accounts

for the six months ended 30th September 2006

## 5 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 213,642,055 shares in issue (six months ended 30th September 2005 – 215,043,409 shares, year ended 31st March 2006 – 214,895,523 shares). The calculation of diluted earnings per ordinary share is based on the weighted average number of shares in issue adjusted by the dilutive outstanding share options and long term incentive plan. These adjustments give rise to an increase in the weighted average number of shares in issue of 1,915,624 (six months ended 30th September 2005 – 447,034 shares, year ended 31st March 2006 – 967,320 shares).

Earnings per ordinary share before impairment costs are calculated as follows:

	<b>Six months ended</b> <b>30.9.06</b> <b>£ million</b>	30.9.05 £ million	Year ended 31.3.06 £ million
Profit for the period attributable to equity holders of the parent company	<b>81.9</b>	75.7	152.1
Impairment costs	–	–	6.0
Tax thereon	–	–	(1.8)
Profit before impairment costs	<b>81.9</b>	75.7	156.3
	<b>pence</b>	pence	pence
Basic earnings per share before impairment costs	<b>38.3</b>	35.2	72.7

## 6 Dividends

An interim dividend of 9.9 pence per ordinary share will be paid on 6th February 2007 to shareholders on the register at the close of business on 1st December 2006. The estimated amount to be paid is £21.1 million. In accordance with IFRS accounting requirements this dividend has not been recognised in these accounts.

	<b>Six months ended</b> <b>30.9.06</b> <b>£ million</b>	30.9.05 £ million	Year ended 31.3.06 £ million
2004/05 final ordinary dividend paid – 19.0 pence per share	–	40.9	40.9
2005/06 interim ordinary dividend paid – 9.1 pence per share	–	–	19.5
2005/06 final ordinary dividend paid – 21.0 pence per share	<b>44.9</b>	–	–
	<b>44.9</b>	40.9	60.4

# Notes on the Accounts

for the six months ended 30th September 2006

## 7 Share purchases

During the six months ended 30th September 2006 the company purchased 1,060,000 of its own shares at a cost of £13.7 million. These shares are being held as treasury shares.

## 8 Changes in equity

	Six months ended		Year ended
	30.9.06	30.9.05	31.3.06
	£ million	£ million	£ million
<b>Equity at end of prior period</b>	<b>1,044.5</b>	929.9	929.9
IFRS transition adjustment for financial instruments	-	2.7	2.7
<b>Equity at beginning of period</b>	<b>1,044.5</b>	932.6	932.6
Total recognised income and expense relating to the period	<b>51.3</b>	88.0	185.9
Dividends paid to equity holders of the parent company	<b>(44.9)</b>	(40.9)	(60.4)
Dividends payable to minority interests	<b>(0.2)</b>	(0.2)	(0.3)
Minority interest arising on formation of subsidiary	<b>0.3</b>	-	-
New share capital subscribed	<b>1.5</b>	2.0	5.3
Purchase of own shares	<b>(13.7)</b>	-	-
Purchase of shares for employee share ownership trusts	-	(8.0)	(25.3)
Share-based payments (net of shares transferred to employees)	<b>2.6</b>	2.1	3.2
Tax on items taken directly to or transferred from equity	-	2.2	3.5
<b>Equity at end of period</b>	<b>1,041.4</b>	977.8	1,044.5

## 9 Net debt

	Six months ended		Year ended
	30.9.06	30.9.05	31.3.06
	£ million	£ million	£ million
Cash and deposits	<b>99.2</b>	113.8	133.0
Bank overdrafts	<b>(9.0)</b>	(12.5)	(7.9)
Cash and cash equivalents	<b>90.2</b>	101.3	125.1
Current other borrowings and finance leases	<b>(18.9)</b>	(78.4)	(82.4)
Non-current borrowings, finance leases and related swaps	<b>(549.6)</b>	(384.3)	(454.7)
Net debt	<b>(478.3)</b>	(361.4)	(412.0)

# Notes on the Accounts

for the six months ended 30th September 2006

## 10 Precious metal operating leases

The group leases precious metals from banks for specified periods (typically a few months) and for which the group pays a fee. These arrangements are classified as operating leases. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. At 30th September 2006 precious metal leases were £121.6 million (30th September 2005 £127.8 million, 31st March 2006 £93.2 million).

## 11 Acquisitions

On 13th April 2006 the group purchased most of the business of United Pharmaceuticals Limited for £1.9 million plus costs of £0.1 million. The estimated fair value of the assets acquired was £0.9 million giving goodwill of £1.1 million.

On 21st April 2006 the group purchased the process diagnostics business of Quest TruTec for £3.8 million plus costs of £0.1 million. The estimated fair value of the assets acquired was £0.7 million giving goodwill of £3.2 million. £0.1 million of the consideration is deferred.